

Health Insurance Partnership

Information for Small Business Owners

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Executive Director

Maryland Health Care Commission

Part I: Program Design

Part II: Section 125 Plans

Part III: Health Savings Accounts

Part IV: The Application Process

Part I: Program Design

The Goals of the Health Insurance Partnership

The Health Insurance Partnership is a health insurance premium subsidy program for employers with 2 to 9 full time employees who have not offered employees a health plan in the past year and who meet certain wage and salary requirements.

The General Assembly appropriated \$15 million for the first year of the Partnership.

The Partnership is designed to:

- **provide an incentive for small employers not currently offering health insurance** to offer and maintain insurance coverage for their employees;
- **help employees of small employers** afford health insurance premium contributions;
- **promote access to health care services**, particularly services that might reduce the need for health care in general and the need for hospitalization and emergency room care in particular; and
- **reduce uncompensated care** in hospitals and other health care settings.

Our Design Goals

- Build on the current **small group market** structure and existing relationships

Small Group Market for Health Insurance

- Businesses with 2 to 50 eligible employees
- Coverage is guaranteed issue and guaranteed renewal
- No pre-existing condition limitations
- Rates adjusted for age and geography – not for health factors
- Carrier may use a 75% participation rule
 - 75% of employees working 30 or more hours a week are counted
 - eligible employees covered under a spouse's plan or another employer's benefit arrangement are not included in the calculation
- Base plans:
 - HMO, POS, and PPO plans, including high-deductible HMO and PPO designs compatible with Health Savings Accounts
 - Cover a broad range of health care services
 - Often include substantial deductibles and coinsurance
 - “Riders” may improve benefits or reduce the cost-sharing

Our Design Goals

- Build on the current small group market structure and existing relationships
 - Partnerships within the Health Insurance Partnership
- Offer employers and employees a choice of carriers and plans
 - Unlike programs in other states, any carrier may participate in the Partnership
- Assure continuity, reassure small employers
 - Planned as a long-term program
 - No abrupt loss of eligibility as the business grows and prospers
- Administer the Partnership cost-effectively
 - Avoid building a bureaucracy for the program.
 - Rely on producers and carriers for enrollment, registration, and subsidy administration
- Assure accuracy and accountability
 - Deliver subsidies in a way that minimizes error and the potential for fraud
 - Develop efficient and effective auditing of employer eligibility and of subsidy administration by the carriers

Determining Eligibility

- **Eligible Employer:** At the time of initial application, the employer:
 - Has been in operation for at least 12 months
 - Has not offered health insurance to its employees for at least 12 months
 - Employs at least 2 and not more than 9 **eligible employees** both at the time of initial application and on at least 50% of its working days during the previous calendar quarter
 - Average wage of **eligible employees** is less than \$50,000
 - There are special provisions for reporting the income of eligible owners, partners, and their spouses that will benefit some businesses.
- **Eligible Employees:**
 - Individual who works on a full-time basis (more than 30 hrs/wk.)
 - An owner, partner, or spouse of an owner or partner who works more than 30 hrs/wk. counts as an eligible employee and must be included in the application.
 - An independent contractor who works more than 30 hours a week and whom the employer chooses to insure is counted as an eligible employee.
 - Temporary, seasonal or substitute employees are not eligible employees

Premium Subsidy Amounts for Employee-only Coverage

effective Oct. 1, 2008

Either 50% of the premium or the following limiting amount, whichever is less

Abbreviated Maximum Subsidy Table

Average wage	Employee only	Employee + child(ren)	Employee + spouse	Family
<\$25,000	\$2000	\$3000	\$4000	\$5000
\$30,000	\$1538	\$2308	\$3077	\$3846
\$35,000	\$1154	\$1731	\$2308	\$2885
\$40,000	\$769	\$1154	\$1538	\$1923
\$45,000	\$385	\$577	\$769	\$962
\$50,000	\$0	\$0	\$0	\$0

Full Maximum Subsidy Table is available at mhcc.maryland.gov/partnership

Initial Subsidy - Phase-out with Increasing Average Wage

2 to 9 full-time employees



Special Case: Dependent Coverage

- We expect the great majority of coverage to be employee only
 - Spousal coverage is relatively expensive, in part due to risk selection
 - Employers subsidize family coverage less generously, if at all
 - **Note that some of the children are MCHP eligible**
- We would like to encourage coverage of the entire family, so subsidies for family coverage are available.
- However, to avoid subsidizing higher income families who can afford insurance on their own, subsidies for dependent coverage are means tested.
- Employees will have to attest to having a family income below \$75,000 to be eligible for a subsidy for dependent coverage.

Special Case: Dependent Coverage

Family income less than \$75,000

Larger maximum subsidies are available for policies that include dependents, covering up to 50% of the premium

Abbreviated Maximum Subsidy Table

Average wage	Employee only	Employee + child(ren)	Employee + spouse	Family
<\$25,000	\$2000	\$3000	\$4000	\$5000
\$30,000	\$1538	\$2308	\$3077	\$3846
\$35,000	\$1154	\$1731	\$2308	\$2885
\$40,000	\$769	\$1154	\$1538	\$1923
\$45,000	\$385	\$577	\$769	\$962
\$50,000	\$0	\$0	\$0	\$0

Full Maximum Subsidy Table is available at mhcc.maryland.gov/partnership

Special Case: Dependent Coverage

Family income greater than \$75,000

These employees can select whatever coverage they would like, but the maximum subsidy for the coverage is the maximum subsidy for employee-only coverage

Average wage	Employee only	Employee + child(ren)	Employee + spouse	Family
<\$25,000	\$2000	\$2000	\$2000	\$2000
\$30,000	\$1538	\$1538	\$1538	\$1538
\$35,000	\$1154	\$1154	\$1154	\$1154
\$40,000	\$769	\$769	\$769	\$769
\$45,000	\$385	\$385	\$385	\$385
\$50,000	\$0	\$0	\$0	\$0

Changes during the coverage year

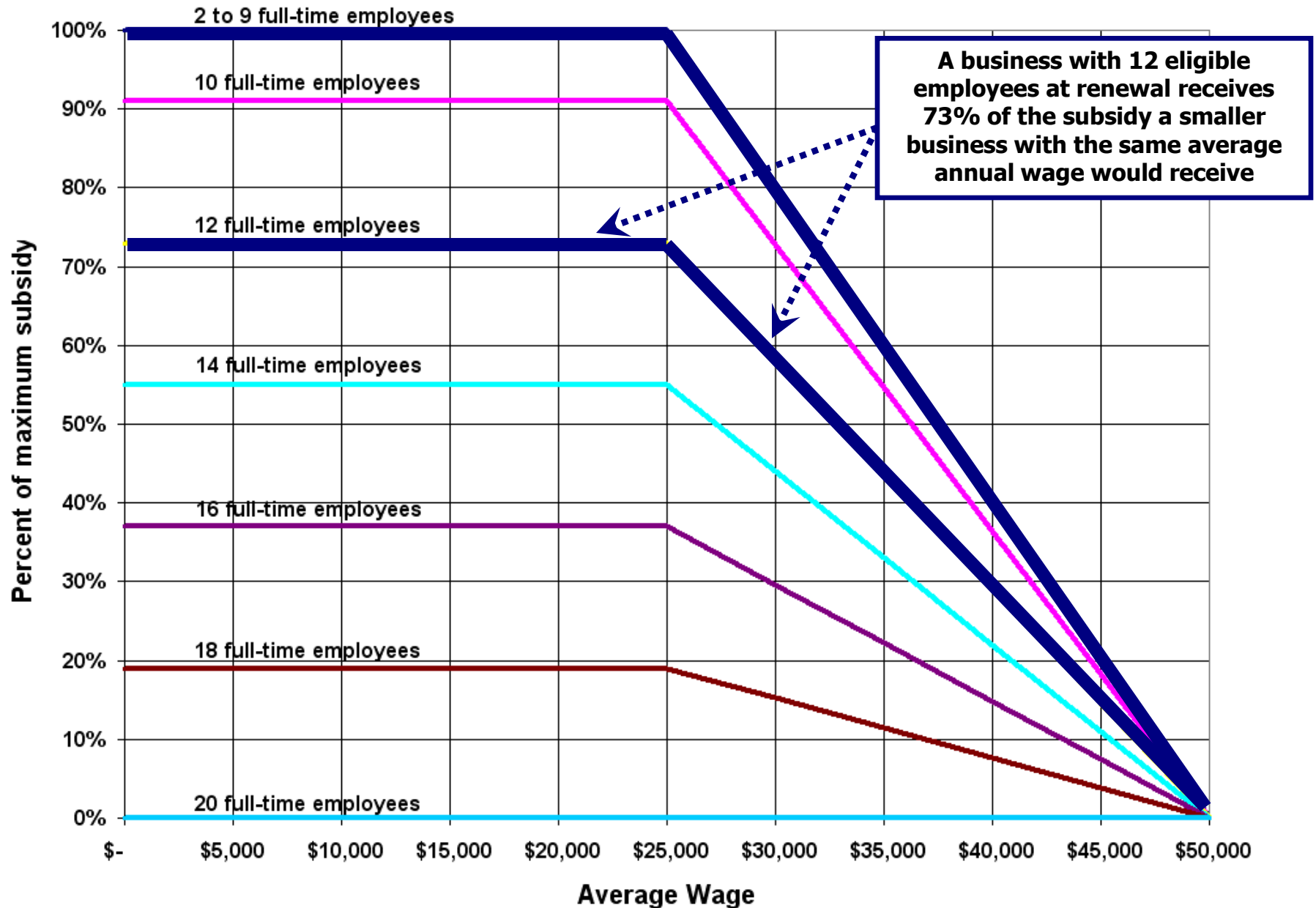
- In general, additional subsidies will be available for:
 - new employees
 - employees with HIPAA-qualifying events electing more expensive coverage
- As long as the group's premiums for a given coverage are not recalculated during the year, the subsidies for that coverage will remain the same.
- Termination by the plan leads to termination of eligibility for the Health Insurance Partnership.
- Reinstatement by the carrier with the same premiums and renewal dates results in Partnership reinstatement.

Key Features about Renewal

- Premium will be recalculated as usual.
- The maximum subsidy will be recalculated based on:
 - The average wage of the business at the time of the renewal application
 - The number of eligible employees at the time of renewal.
 - Subsidies will be lower for businesses with 10 - 19 employees.
 - Businesses with 20 or more full-time employees will no longer be eligible for a subsidy.

Phase-out of Subsidy with Increasing Average Wage and Size

Adjustments for average wage and size are made only at time of policy renewal



Special provisions

- Wellness benefit
 - Health risk assessment
 - Incentive for prevention, health promotion, or disease management
- Section 125 Plan
- Health Savings Accounts (HSAs)

Part II: Section 125 Plans

Excluding Employee Premium Payments from Taxation through Section 125 Plans

- Internal Revenue Code Section 125:
 - As a general rule, employee payments of health insurance premiums are not tax deductible
 - The only way to exclude the employee's share of health insurance premiums from employee income is to “convert” them to employer payments
 - For purposes of tax code, the amounts withheld from the employee's paycheck for health insurance are treated as “salary reductions” that the employer then uses to pay the employee share of the health insurance premium
 - Self-employed individuals, partners, and shareholder employees of a Subchapter S corporation are not “employees” under Section 125 and cannot participate. Other employees of the business can still participate

Section 125 Premium Only Plans

- The most basic type of Section 125 plan is the **Premium Only Plan (POP)**, also referred to as a **Premium Conversion Plan**.
 - Health insurance is the only benefit.
 - Allows employees to elect to withhold a portion of their pre-tax salary to pay their premium contribution for employer-sponsored health insurance plans
 - The plan is simple to establish
 - No reporting is required
 - The plan requires little maintenance except when the Section 125 regulations change
- A Section 125 plan is required to receive a premium subsidy through the Health Insurance Partnership. Establishing a POP plan is the easiest way to qualify.

Tax Benefits of Establishing a POP

- The employer pays **no Social Security and Medicare taxes (FICA)** and **no unemployment taxes** on the premium amount excluded from employee income.
 - Tax savings for the employer offset any costs involved in establishing and maintaining the Plan
- The employee pays **no federal or state income tax** and **no FICA tax** on the premium amount excluded from employee income.
 - For full-time workers (the only employees eligible for the premium subsidy), the savings can be significant
 - Because salary is reduced somewhat, Social Security payments may be slightly reduced on retirement, but the current tax savings almost always far outweigh any effect on Social Security wages

How does it work for employees?

	If John pays for his share of medical coverage with after-tax dollars	If John participates in the premium conversion plan and pays with pre-tax dollars
Gross monthly income	\$2500	\$2500
Pre-tax deduction for employee share of premiums	0	\$300
Taxes (taxable income multiplied by total tax rate of 27.4%)	\$685	\$602.80
Net pay for the month	\$1815	\$1597.20
After-tax payment of employee share of premiums	\$300	0
Take-home pay after employee contribution for medical coverage	\$1515	\$1597 (a savings of \$82.20)

The employee's net cost of health insurance is reduced from \$300 to \$217.80, a 27% reduction

How do Employers Participate?

- Establish a written plan that contains IRS-required information.
 - Your insurance agent or broker may supply model Section 125 plans.
 - A plan template and model plan description for employees will also be available on the Partnership web site mhcc.maryland.gov/partnership
- Provide participants with a Summary Plan Description
 - Obtain their agreement to participate, if required by the written plan.
- Notify your payroll service – or your payroll software – that you have established a Section 125 premium-only plan covering employee “payroll deductions” for health insurance premiums
- Keep the written plan up to date and administer the plan according to Section 125 requirements.

Broader Section 125 Plans

- Cafeteria Plan benefits may include:
 - Medical expense and dependent care Flexible Spending Accounts
 - A range of other possible benefits: disability, accident, and sickness benefits; group term life insurance; 401(k) plans; adoption assistance; vacation pay; and cash.
- Employees must elect at the beginning of the plan year how much salary they wish to contribute to these plans.
 - Elections generally cannot be changed during the plan year
 - Amounts remaining in the account at the end of the year are forfeited
- Cafeteria plans are much more complicated than Premium-Only Plans
 - » Plan documents are more complicated
 - » Education is more complicated
 - » Accounting is more complicated
 - » Complying with IRS rules is more complicated

The Take-home Message

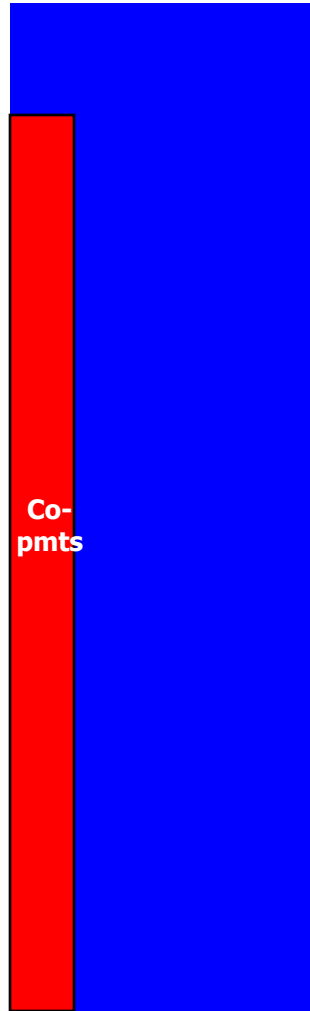
- It is easy to establish and maintain a Section 125 POP plan.
- Section 125 POP plans are a substantial benefit to employees
- Costs to the employer are offset by employer tax savings

Part III: Health Savings Accounts HSAs

What is a Health Savings Account (HSA)?

- Special savings account at a financial institution
- Belongs to an individual
- Contributions by the individual and the employer are excluded from income and not taxed to the individual
- Requires that the individual have a high-deductible health plan (HDHP)
- Account is used to pay out-of-pocket medical expenses –
 - Amounts before reaching the deductible
 - Any coinsurance or copayment
 - Some expenses that aren't covered by insurance

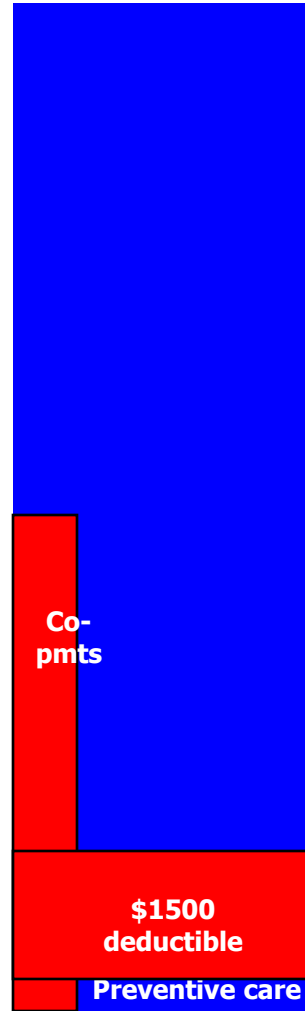
Standard HMO



Standard HMO
(\$4000 premium)

Max subsidy \$2000

High deductible HMO - HSA compatible



HD HMO - HSA
(\$2800 premium)

Max subsidy \$1400

STEP 1: Choose high deductible plan

STEP 2: Establish an HSA

TAX BENEFIT: ALL out of pocket spending is tax-advantaged

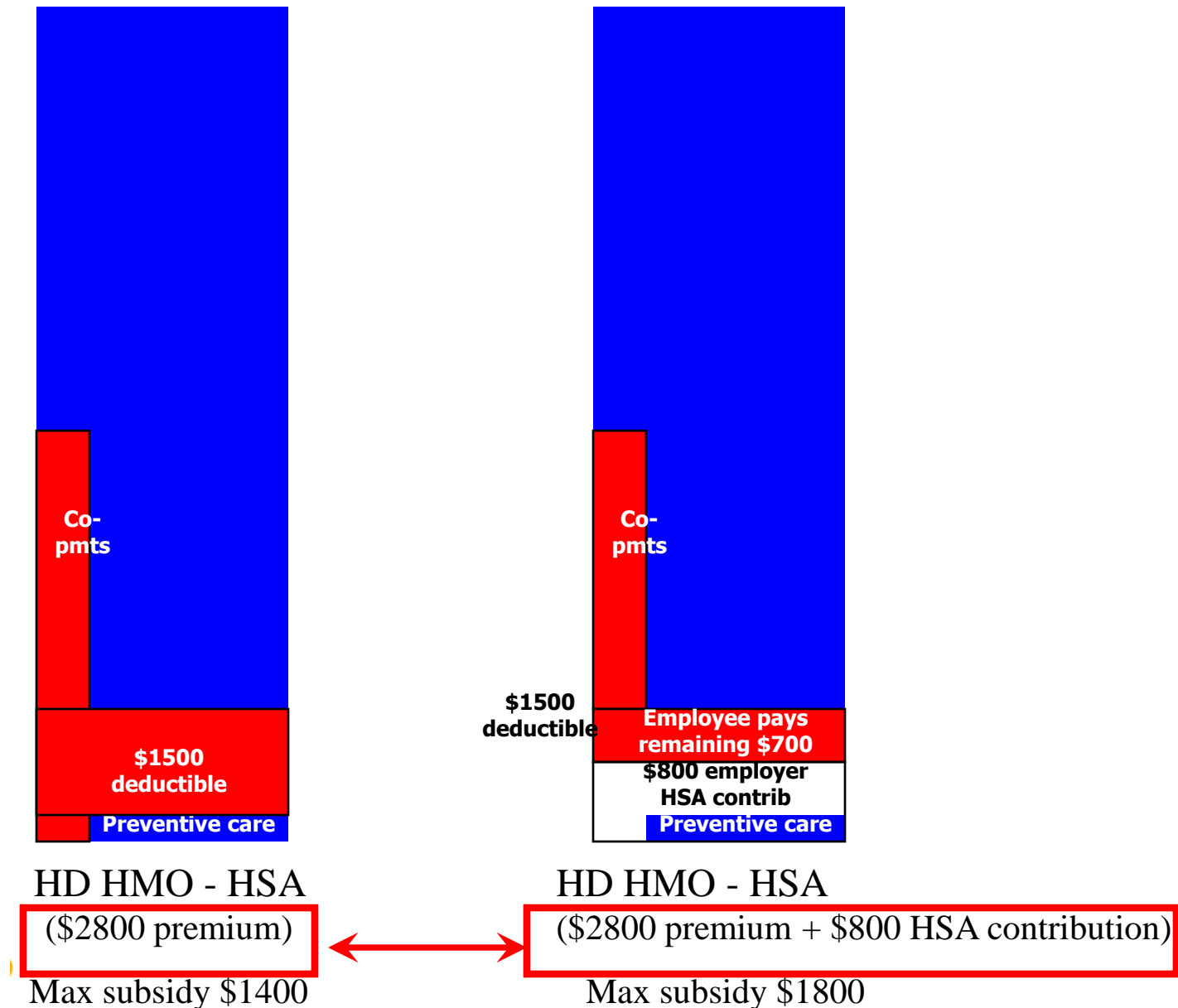
Are high-deductible health plans with health savings accounts “less expensive”?

- HDHPs have lower premiums, often much lower
- However, out of pocket costs may be substantially higher
- The true cost of coverage includes:
 - Employer’s share of the premium (often invisible to the employee)
 - Employee’s share of the premium
 - Expenses up to the full amount of the deductible
 - Coinsurance and copayments
- Any insurance, including high deductible “catastrophic” coverage, saves you money even when spending out of pocket, because you pay the much lower negotiated rates when using in-network providers

Health savings accounts: An antidote for rising health care costs – or the devil’s work?

- The most important difference is psychological, for good or ill
 - Paying the full cost from your own account is like spending your own money
 - Awareness of cost – and value – is increased
 - Utilization of some services decreases
 - Use of generic drugs increases
 - Some evidence of greater engagement, use of preventive care and educational resources
- Concerns
 - High deductible may deter necessary as well as unnecessary care
 - Deductibles pose a challenge for low income populations
 - May attract the “healthy and wealthy,” selecting the best risks
 - The incentives don’t really affect the 20% of the population who account for 80% of our medical care expenditures

Improving high-deductible plans through an employer contribution to the HSA



Special Case: Contributions towards HSAs

- Regular employer contributions to HSAs are subsidized just like higher premium payments.
- Goal: Encourage employer contributions to help fund the employee HSAs.
 - Especially for low-income populations, funding the HSA account is important to assure that employees seek timely care.

	Standard HMO (\$4000)	HDHP HMO (\$2800)	HDHP HMO (\$2800)
Employer premium *	\$3000	\$2800	\$2200
Employer HSA contribution *	n/a	\$0	\$800
Employee premium *	\$1000	\$0	\$600
Employee HSA contribution	n/a	-	-
MAX. TOTAL SUBSIDY	\$2000	\$1400	\$1800
Net cost to employer	\$1500	\$1400	\$1500
Net cost to employee	\$500	100% of first \$1200 of expenses **	Between \$500 gain and \$1000 expense **

* = before subsidy is applied

** = employee expenditures can be tax-advantaged if spent through the HSA

NOTE: Tax savings for employers and employees are not reflected – net costs are lower than those shown

Part IV: The Application Process

Administration Basics

- Timing
 - **Registration begins September 9, 2008**
 - **Subsidized coverage begins October 1, 2008**
- The State administers the program through the carriers, who designate Subsidy Administrators to handle enrollment/registration and billing/accounting
 - **CareFirst BCBS, Coventry Health Care, United HealthCare and Aetna have expressed their intent to participate**
 - **Information about a carrier's Subsidy Administrators will be available from the carriers and will be posted on the Partnership web site**
- Subsidies are provided for **employer contributions** to premium and HSAs and **employee contributions** to premium. The employer and employee shares of the subsidy are based on their shares of the cost of coverage.
- The employer and employee subsidies are paid directly to the carrier, who passes the subsidies through to the employer as a **reduced group premium**
- Employers then pass through the employee's share of the subsidy in the form of **lower payroll deductions for health insurance**.

How to Apply

Step 1 - Contact your health insurance broker/agent. Provide the broker/agent with information about the ages and wages of everyone working more than 30 hours in a typical work week.

Ages determine the insurance premiums

Wages determine the maximum Partnership subsidy.

Step 2 - The broker/agent will provide insurance quotes and show how much the cost of insurance will be reduced by the Partnership subsidy

Step 3 – Select a carrier and health benefit plans

The employer and broker/agent will work together to select a carrier and one or more of the carrier's small employer health benefit plans.

Step 4 – Determine employer contributions

The employer determines how much to contribute toward the premium for each plan and type of coverage (employee only, employee + children, employee + spouse, family) and how much to contribute to an employee's Health Savings Account, if an HSA plan is selected. (Employer contributions plus the subsidy must be enough to achieve a 75% participation rate.)

Step 5 – Inform employees and determine each employee's choices of coverage

Participating employees complete the Employee Subsidy Application

Step 6 - Complete the insurance application and the Partnership application

Step 7 - Establish a Section 125 Plan.

The employer must establish a Section 125 plan within 60 days of enrollment in the Health Insurance Partnership.



Employer Subsidy Application

You and your employees may be eligible for the Health Insurance Partnership, which provides a premium subsidy from the State of Maryland to help small businesses insure their employees. The subsidy will be provided to your business in the form of a reduction in your health insurance premium. If your employees pay part of the premium, you will pass part of the subsidy through to them in the form of lower payroll deductions for the health insurance.

A complete application includes this Employer Subsidy Application, an Employee Subsidy Application from each full-time employee who may be covered by the policy, and a Producer Affirmation completed by your insurance agent or broker.

The Health Insurance Partnership is administered by the Maryland Health Care Commission.

Part I: Information about the Business

Federal Employer Identification Number _____
 Maryland Central Registration Number _____

Name of business: _____
 Address: _____

City: _____ State: _____ ZIP: _____

Contact name: _____
 Telephone: _____ Fax: _____
 Email: _____

Part IA: Employer Contribution to Premiums and to Health Savings Accounts

This information is necessary to calculate the employer and employee subsidy amounts. Please complete when you have selected the plans you will offer and the amounts you will contribute toward coverage.

Type of coverage	Policy 1 Description:			Policy 2 Description:		
	Annual Premium (before subsidy)	Employer Contribution to premium (before subsidy)	Employer contribution to HSA (before subsidy)	Annual Premium (before subsidy)	Employer Contribution to premium (before subsidy)	Employer contribution to HSA (before subsidy)
Employee						
Employee/Child(ren)						
Employee/Spouse						
Family						

MHCC 8/13/08



Ages and Wages



Part II: Employee Information

Please list all eligible employees, whether or not they will be insured. An eligible employee is someone who has a normal work week of 30 or more hours at the business, and is not a temporary, seasonal or substitute employee. An owner, partner, or spouse of an owner or partner must be included if they work more than 30 hours a week at the business. Independent contractors who are eligible for the employer's health benefit plan must be counted if they work more than 30 hours a week.

For employees with significant income from tips, report income as you would on the quarterly wage report. (A representative quarterly wage from the DLR report can be used, if it reflects the likely work week over the coming year.)

Special cases:

- Reportable tip income
- Owner/partner/spouse

Information from employer:									Information from employee applications:			Choice of health plan:			
Employee Name (First MI, Last)	SSN	DOB	Status	Wages per wage period	Wage period	Hours per week	Calculated annual wage (\$) (see instructions for owner/spouse)	Wages from most recent Quarterly Wage Report	Eligible for subsidy for dependent coverage	Previous insurance (past 3 mos.)			Type of coverage (E, EC, ES, Fam)	Plan chosen by employee (policy ID)	Total # of covered lives
										Employee	Spouse	Children			
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
11															

Instructions for owner/partner/spouse

For purposes of this application, an Owner is anyone with at least a 20% ownership interest in the business. A spouse of an owner is treated the same as an owner. In calculating the average wage of the business, for each owner or spouse who is listed on the application as a full-time employee, list either the person's adjusted gross income (AGI) or \$60,000, whichever is lower.

If the person is single, use the AGI from the most recent individual federal income tax return.

If the person is married and files a separate return, use the AGI from the most recent individual federal income tax return.

If the person is married and files a joint return, use 50% of the AGI on the couple's most recent joint federal income tax return.

Status

- EM=Employee
- OP=Owner/partner
- OSP=Spouse of owner/partner

Wage Period

- AN=Annual
- Q=Quarterly
- MM=Monthly
- WB=Weekly
- WV=Varying
- HR=Hourly

Average annual wage of business = average of the annual wages in this column

Eligible

Enter "Yes" if employee aged family income at least \$10,000

Previous Insurance

- 0=Not insured in past 3 months
- 1=Yes, from this employer
- 2=Yes, at another job
- 3=Yes, spouse's employer
- 4=Yes, Medicaid or HealthChoice
- 5=Yes, Medicare
- 6=Yes, MSP
- 7=Yes, Non-MSP individual policy

Instructions for owner/partner/spouse:

For purposes of this application, an owner is anyone with at least a 20% ownership interest in the business. A spouse of an owner is treated the same as an owner. In calculating the average wage of the business, for each owner or spouse who is listed on the application as a full-time employee, **list either the person's adjusted gross income (AGI) or \$60,000, whichever is lower.**

- **If the person is married and files a separate return,** use the AGI from the most recent individual federal income tax return.
- **If the person is single,** use the AGI from the most recent individual federal income tax return.
- **If the person is married and files a joint return,** use 50% of the AGI on the couple's most recent joint federal income tax return.

Instructions for owner/partner/spouse:
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<u>Status</u>	<u>Wage Period</u>	<u>Signature</u>	<u>Previous Insurance</u>
EW=Employee	AW=Annual	EW=Employee	EW=Employee
OW=Owner/partner	QW=Quarterly	OW=Owner/partner	OW=Owner/partner
OS=Spouse of owner/partner	MW=Monthly	OS=Spouse of owner/partner	OS=Spouse of owner/partner
	OW=Weekly		
	OW=Weekly		
	OW=Weekly		

Average annual wage of business = average of the annual wages in this column

1=Yes, from this employer
2=Yes, at another job
3=Yes, as an independent contractor
4=Yes, Medicaid or HealthChoice
5=Yes, Medicare
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7=Yes, Non-MSP individual policy

Premium Subsidy Calculator



Menu

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- Employee Eligibility
- Subsidy Amount
- How to Apply
- Section 125 Plan
- Benefits
- FAQ
- Press Releases
- Contact Us

Tools

- Subsidy Table
- Subsidy Calculator
- Subsidy Application Form(s)

Subsidy Calculator

Please enter ALL employees (including owners, partners, and the spouses of owners or partners) if they have a normal work week of 30 or more hours at the business, whether or not they will be insured. An owner is anyone with at least a 20% ownership interest in the business. Independent contractors with a normal work week of 30 or more hours at the business should be listed if they are eligible for the employer's health benefit. Do not include temporary, seasonal, or substitute employees.

Company: (optional)

Employee	Employment Status (Enter this column first)	Employee Wages or Owner/Spouse AGI <i>*See note below</i>	Wage Period	Hours per Week	Annual Wage	Adjusted Annual Wage	
1	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0	0	Delete
2	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0	0	Delete
3	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0	0	Delete
4	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0	0	Delete
5	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0	0	Delete
6	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0	0	Delete
7	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0	0	Delete
8	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0	0	Delete
9	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0	0	Delete

[Calculate](#)

[Reset](#)

User-Friendly Printed Report		Maximum Annual Subsidy *			
No Employees	Average Wage	Employee	Employee Child	Employee Spouse	Family
0	0	0	0	0	0

* Note: The actual subsidy is the lesser of 50% of the total premium or the maximum shown.





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A complete application includes this Employer Subsidy Application, an Employee Subsidy Application from each full-time employee who may be covered by the policy, and a Producer Affirmation completed by your insurance agent or broker.

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Employee						
Employee/Child(ren)						
Employee/Spouse						
Family						

MDHP 02/10/08

Part III: Affirmation

Part III: Affirmations

By placing my initials next to each provision, I affirm that:

_____ I have the authority to act on behalf of this business entity.

_____ This business entity has been actively engaged in business in the state of Maryland for at least 12 months and (initial which applies):

_____ has filed at least three quarterly wage reports with the Department of Labor, Licensing, and Regulation (DLLR). I give consent to DLLR to release this business entity's wage and employer reports to the Maryland Health Care Commission for the purpose of determining eligibility for this subsidy. OR

_____ is not required to file Quarterly Wage Reports with DLLR.

_____ Employees of any affiliated business have been included in this application, for purposes of determining eligibility for the subsidy. Affiliated businesses are businesses eligible to file a single tax return.

_____ This business employs at least two but not more than nine eligible employees both at the time of initial application and on at least fifty percent (50%) of its working days during the preceding calendar quarter. An eligible employee is an individual who has a normal work week of at least 30 hours and who is not a seasonal, temporary, or substitute employee. An owner, partner, or spouse of an owner or partner who works more than 30 hours a week at the business must be included as an eligible employee. Independent contractors who are eligible for the employer's health benefit plan must be counted as employees if they work 30 or more hours a week at the business.

_____ The majority of eligible employees in this business work in Maryland.

_____ This business has not offered a health benefit plan to its employees in the most recent 12 months.

_____ The average annual wage of eligible employees calculated in Part II is less than \$50,000.

_____ I will pass through to each employee the employee's share of the premium subsidy from the state of Maryland in the form of payroll deductions for the health insurance plan.

_____ If this business is claiming a subsidy for contributions to employees' Health Savings Accounts, I will make those contributions on a monthly basis.

_____ Within 60 days, I will establish a Section 125 premium only plan (POP) or a more comprehensive Section 125 cafeteria plan.

_____ I understand that the Maryland Health Care Commission may employ an auditor to examine business records to assure the accuracy of statements made in this application and I will cooperate fully with any such audit.

Waiver of remedies and Affidavit:

On behalf of the business entity named in this application and upon whose authority I am acting, I hereby waive any and all claims or causes of action against the State of Maryland, its subdivisions, or its agents which said business entity, including its parents, subsidiaries, predecessors, affiliates, successors, and assigns, may have by reason related in any way to the Health Insurance Partnership. I understand that the Health Insurance Partnership provides a subsidy to assist in the purchase of health insurance, but has no role in providing the health insurance itself. Any questions about the insurance and all appeals of carrier decisions are handled exclusively by the carrier and, if necessary, by the Maryland Insurance Administration.

On behalf of the business entity named in this application, I acknowledge that I have read the foregoing provisions and affirmations in this application and understand and agree to them in their entirety. I solemnly affirm under the penalties of perjury that the contents of the foregoing application and the attached documentation are true to the best of my knowledge, information, and belief.

Signature

Date

Print Name

Title

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Employer Subsidy Application: Affirmations

- ✓ I have the authority to act on behalf of this business entity.
- ✓ This business entity has been actively engaged in business in the state of Maryland for at least 12 months and
 - ✓ has filed at least three quarterly wage reports with the Department of Labor, Licensing, and Regulation (DLLR). I give consent to DLLR to release this business entity's wage and employer reports to the Maryland Health Care Commission for the purpose of determining eligibility for this subsidy; or
 - ✓ is not required to file quarterly wage reports with DLLR.
- ✓ Employees of any affiliated business have been included in this application, for purposes of determining eligibility for the subsidy. Affiliated businesses are businesses eligible to file a single tax return.
- ✓ This business employs at least two but not more than nine eligible employees both at the time of initial application and on at least fifty percent (50%) of its working days during the preceding calendar quarter. An eligible employee is an individual who has a normal work week of at least 30 hours and who is not a seasonal, temporary, or substitute employee. An owner, partner, or spouse of an owner or partner who works more than 30 hours a week at the business must be included as an eligible employee. Independent contractors who are eligible for the employer's health benefit plan must be counted as employees if they work 30 or more hours a week at the business.

Employer Affirmations (cont.)

- ✓ The majority of eligible employees for this business work in the State.
- ✓ This business has not offered a health benefit plan to its employees in the most recent 12 months.
- ✓ The average annual wage of eligible employees calculated in Part II is less than \$50,000.
- ✓ I will pass through to each employee the employee's share of the premium subsidy from the state of Maryland in the form of payroll deductions for the health insurance plan.
- ✓ If this business is claiming a subsidy for contributions to employees' Health Savings Accounts, I will make those contributions on a monthly basis.
- ✓ Within 60 days, I will establish a Section 125 premium only plan (POP) or a more comprehensive Section 125 cafeteria plan.
- ✓ I understand that the Maryland Health Care Commission may employ an auditor to examine business records to assure the accuracy of statements made in this application and I will cooperate fully with any such audit.

Employee Subsidy Application



Employee Subsidy Application

Employee's Name: _____

Name of Business: _____

You and your employer may be eligible for the Health Insurance Partnership, which provides a health insurance premium subsidy to certain small businesses who have not offered insurance in the past year. Your employer receives a subsidy in the form of lower premiums for health insurance. If you pay part of the cost of the insurance, your employer will pass part of the subsidy through to you in the form of lower payroll deductions for the insurance.

Subsidies are available for employee only coverage and for different types of family coverage. You will receive information from your employer about your health plan options and what each health plan will cost after the subsidy is applied.

The Health Insurance Partnership is administered by the Maryland Health Care Commission. To receive a subsidy, you must complete this application.

Eligibility and Income

Eligibility for a premium subsidy for your own coverage is based on the average wage of all full-time employees in the business, and does not depend on your personal wages or income.

Eligibility for a premium subsidy for coverage of your spouse or children requires that your family adjusted gross income (family AGI) be less than \$75,000.

- If you are a single parent, your family AGI is the Adjusted Gross Income on your last year's federal tax return.
- If you are married and filed a joint tax return last year, your family AGI is the Adjusted Gross Income on last year's joint federal tax return.
- If you are married and you and your spouse filed separate returns, your family AGI is equal to the Adjusted Gross Income on your last year's federal tax return plus the Adjusted Gross Income on your spouse's last year's federal tax return.

If you are eligible and wish to apply for a premium subsidy for coverage of your spouse or children, you must complete the following affidavit. Signing the affidavit does not commit you to include spouse or child coverage, but should you choose to do so, it will allow the State to provide a larger premium subsidy.

Affidavit: I solemnly affirm under penalties of perjury that I have reviewed my family's federal tax returns for last year and my family AGI is less than \$75,000.
I understand that the Maryland Health Care Commission may later request a copy of my federal tax return as verification of my family AGI and I agree to fully cooperate with that request.

Signature: _____

Address: _____

City: _____ State: _____ ZIP: _____

Health Savings Accounts

If your employer elects to make a contribution to a qualified Health Savings Account (HSA) that was established in conjunction with a high-deductible health plan, the employer's contribution is eligible for a subsidy. In order for the Commission to confirm that your employer made those contributions, you must authorize the financial institution administering your HSA to release information about those deposits. Your signature at the end of this application authorizes the financial institution to release this information to the Commission.

Health insurance coverage in the last 3 months

In an effort to effectively evaluate the Health Insurance Partnership, the Commission would like to know if you or any family member has had health insurance coverage in the last 3 months. Please check the appropriate boxes for you and your dependents, if any. **Reporting this coverage does not in any way affect your eligibility for health insurance or the premium subsidy.**

	Myself	My spouse	My children
Not insured during the past 3 months			
Insurance through another employer			
Insurance through spouse's employer			
Medicaid, HealthChoice, Medical Assistance, Maryland Children's Health Insurance Program, or Primary Adult Care			
Medicare			
MHIP policy (Maryland Health Insurance Plan)			
Individual policy (purchased directly from a broker or an insurance company)			

Section 125 Premium Conversion Plan

If you pay any part of the health insurance premium, your employer is required to offer a Section 125 Premium Conversion Plan that allows you to pay your health insurance premium with salary that is excluded from both income and FICA taxes. Your employer must establish the Section 125 plan within 60 days of joining the Partnership.

Waiver of Remedies and Affidavit

I waive any and all claims or causes of action against the State of Maryland, its subdivisions, or its agents which I or any of my dependents may have by reason related in any way to the Health Insurance Partnership. I understand that the Health Insurance Partnership provides a subsidy to assist in the purchase of health insurance, but has no role in providing the health insurance itself. Any questions about the insurance and all appeals of carrier decisions are handled exclusively by the carrier and, if necessary, by the Maryland Insurance Administration.

I acknowledge that I have read the provisions in this application and understand and agree to them in their entirety.

Employee Signature _____

Date _____

Name of Business: _____

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Employee Subsidy Application

Eligibility for a premium subsidy for coverage of your spouse or children requires that your family Adjusted Gross Income (family AGI) be less than \$75,000.

- **If you are a single parent**, your family AGI is the Adjusted Gross Income on your last year's federal tax return.
- **If you are married and filed a joint tax return** last year, your family AGI is the Adjusted Gross Income on your last year's joint federal tax return.
- **If you are married and you and your spouse filed separate returns**, your family AGI is equal to the Adjusted Gross Income on your last year's return plus the Adjusted Gross Income on your spouse's last year's federal tax return.

I solemnly affirm under penalties of perjury that I have reviewed my family's federal tax returns for last year and my family AGI is less than \$75,000.

I understand that the Maryland Health Care Commission may later request a copy of my federal tax return as verification of my family AGI and I agree to fully cooperate with that request.

Signature: _____

Address: _____

City: _____ State: _____ ZIP: _____

Employee Subsidy Application (cont.)

Information about public or private health insurance coverage within the last three months will assist the Commission's evaluation of the program and will allow us to:

- assess crowd-out
- document effect of program on uncompensated care

Reporting of the information does not affect the employee's eligibility for health insurance or the subsidy.

	Myself	My spouse	My children
Not insured during the past 3 months			
Insurance through another employer			
Insurance through spouse's employer			
Medicaid, HealthChoice, Medical Assistance, Maryland Children's Health Insurance Program, or Primary Adult Care			
Medicare			
MHIP policy (Maryland Health Insurance Plan)			
Individual policy (purchased directly from a broker or health plan)			

The Partnership Web Site: mhcc.maryland.gov/partnership

[Citizen Alerts](#) [Maryland.gov](#) [Online Services](#) [State Directory](#)



HEALTH INSURANCE PARTNERSHIP

Small Business, Big Benefits



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Welcome to the Health Insurance Partnership

A premium subsidy program for small business



Enrollment begins September 2008!

When you own a small business your employees are like family.

And like family, you want them to be able to get the health care they need when they need it.

Unfortunately, escalating health care costs have made health coverage a benefit few small businesses can afford to provide to their employees.

Now there's help!

Maryland's new **HEALTH INSURANCE PARTNERSHIP** will

- provide an incentive for employers with 2-9 employees to offer health insurance for their employees;
- assist low and moderate income employees of these small employers in obtaining health insurance; and
- promote access to health care services and reward participating individuals for efforts to improve their health and/or manage chronic disease.

Please note: The program description on this web site contains details that are preliminary and subject to change. After final regulations are adopted, detailed information will be published on this website.

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Governor's Message



For thousands of working Marylanders, affordable health care has been out of reach for far too long. It's a crisis seen across the country and is especially pronounced in small businesses. Escalating health costs can suppress wages, reduce hiring, stall research and development efforts, and drive fledgling businesses into bankruptcy. Maryland can and will do better.

This Partnership among small businesses and the State will make a real difference in the lives of many working Marylanders and their families by reducing the cost of health insurance for thousands of Maryland families.

By allowing people to buy into health coverage at a level they can afford, we're making sure more Marylanders receive the coverage they deserve.

Martin O'Malley,
Governor

News